

VZCZCXRO3835
PP RUEHIK RUEHPOD RUEHYG
DE RUEHUP #0297/01 1051156
ZNR UUUUU ZZH
P 151156Z APR 09
FM AMEMBASSY BUDAPEST
TO RUEHC/SECSTATE WASHDC PRIORITY 4090
INFO RUEHZG/NATO EU COLLECTIVE
RUEAIIA/CIA WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC

UNCLAS SECTION 01 OF 02 BUDAPEST 000297

SENSITIVE
SIPDIS

DEPARTMENT FOR EUR/FO AND EUR/CE JAMIE LAMORE. PLEASE PASS
TO NSC JEFF HOVENIER AND KHELGERSON

E.O. 12958: N/A
TAGS: [PREL](#) [PGOV](#) [PINS](#) [ECON](#) [HU](#)
SUBJECT: ONE YEAR, ONE GOVERNMENT, ONE FORINT

REF: BUDAPEST 276 AND PREVIOUS

BUDAPEST 00000297 001.4 OF 002

11. (U) Summary. As expected, in a constructive vote-of-no-confidence, with opposition parties abstaining or not voting, Hungarian Socialist and Free Democrat parliamentarians joined forces to elect Gordon Bajnai as Prime Minister April 14. Prior to the vote, Bajnai outlined his economic reform plans with the mantra of one year, one government, one forint salary. Promising to be a crisis manager to restart the Hungarian economy, reduce State expenditures and regain the confidence and trust of the people, Bajnai announced six new ministers. Opposition parties continued their call for new elections as a small number of protesters clashed with police following the Parliamentary vote. End summary.

12. (U) While several thousand protesters gathered in front of Parliament demanding new elections, Socialist (MSzP) and Free Democrat (SzDSz) MPs garnered 204 votes, 11 more than the required simple majority, to elect current Economic Minister Gordon Bajnai as Prime Minister in the country's first-ever constructive vote-of-no-confidence. The 173 MPs from opposition Fidesz party and the Christian Democrats (KDNP) opted not to vote, and the Hungarian Democratic Forum (MDF) MPs abstained.

13. (U) In his farewell address prior to the vote, outgoing Prime Minister Ferenc Gyurcsany acknowledged he "had not been strong enough or frank enough to push the necessary changes" while Prime Minister. Stating that "the biggest problem is not the economic crisis but rather the divisive political climate in which citizens do not view others as fellow human beings," Gyurcsany called upon the opposition to support Bajnai's reform measures. Defaming and enticing passion against the new government Gyurcsany said, would be "a crime against the country and not the new government, and politicians will harm more than the economy if they don't understand this."

14. (U) Following Gyurcsany to the podium, Gordon Bajnai began by stating time is short and we must put an end to the political crisis in order to address the economic issues. Stating he has no political ambitions, Bajnai outlined his plans to serve as a "crisis manager for one year - leading one government for a one forint salary - and requested Parliament's confidence in his program to protect jobs, strengthen the forint and regain the trust and confidence of the Hungarian people. Commenting that the details of his reform measures will become public April 20, Bajnai committed to reducing State expenditures and focus on job creation, specifically mentioning plans to reduce ministers salaries by

15 percent, eliminate public employees' 13th month pay, reduce child support, and lower taxes on businesses. Bajnai also announced his selection of six new ministers to head the Finance, Foreign Affairs, Economic, Transportation and Energy, Social Affairs and Labor, and Minister without Portfolio for Secret Services. (septel).

¶15. (U) In response to Bajnai's opening remarks, Party faction leaders' comments reflected the divisive political climate noted in Gyurcsany's farewell speech. MSzP President Ildiko Lendvai took opposition Fidesz Party President Viktor Orban to task for continuing to "fight old battles that will make this country a battlefield." Fidesz faction leader Tibor Navracsics responded by calling for new elections due to the seven years of failed social programs under the Socialist government. Noting that MSzP and SzDSz do not want to give voice to the voters, he said there will be no real expert government as they are "only shuffling the same old deck with the same old people." Repeatedly pointing his finger at Bajnai, Navracsics asked "why are you here if you have no political ambitions?" Noting Bajnai's three years' service in the "failed" Gyurcsany government, Navracsics said this constructive no-confidence motion lacks legitimacy and will not be supported by the people. KDNP President Semjen called the motion "a destructive vote-of-no-confidence," stating his party will not talk to Bajnai. SzDSz President Gabor Fodor acknowledged the pros and cons of early elections, but said his party supports the expert government because new elections would mean several more months of inaction. Noting that "we have heard nothing from Fidesz as to a solution," now is the time to take the necessary steps to initiate changes outlined in the reform Alliance package. MDF vice-president Herenyi said his party cannot support Bajnai's program, however he urged Bajnai to put the reform measures in place during the next three months and then resign in

BUDAPEST 00000297 002.2 OF 002

order to allow new elections.

¶16. (U) In closing remarks prior to the vote, Bajnai first responded to Navracsics, commenting that apparently "politics is all about who's in power - this is why I am not a politician." Noting the legitimacy and legality of Parliament's vote, Bajnai said "I am here because our country is in danger, we have postponed structural changes, but now is not the time for a long campaign, now is the time for crisis management." Stressing that what is most important is how we use "public power...I agree with the demonstrators, nation and home must come first. We have two enemies - lost hope and hope for a miracle. What we require is meticulous work and a long-term vision. At some point we can discuss early elections, but not now" - underscoring his mandate of one year, one government, one forint.

¶17. (U) Protesters began to gather in front of Parliament at midday, with an estimated 5-7 thousand on hand during the late afternoon vote on the constructive no-confidence motion. Although noisy, the demonstrators were relatively peaceful, even refusing to allow Gabor Vona to speak in his capacity as Jobbik President, forcing him to take a podium as the leader of the Magyar Garda. With thunderstorms significantly diminishing the numbers, the remaining several hundred demonstrators confronted the police at several locations in the vicinity of Parliament. According to press reporting, approximately ten protesters and ten police were injured, with an ensuing ten arrests as the demonstrators dispersed around nine PM. Earlier in the day, two Socialist party offices in towns outside Budapest were attacked with Molotov cocktails and threatening letters attached to bricks. Damage to the offices was minimal.

¶18. (SBU) Comment. Facing a crumbling economy and an aggressively nasty political environment, Bajnai faces a tough job. Polling last week found only eight percent support for his election. There is still great skepticism that Socialist MPs will support his reform package,

especially as it begins to bite. Absent this continuing support, Bajnai indicated that he would not hesitate to resign. With labor unions calling for large demonstrations April 18, it is far too early to assume stability has arrived. End comment.
Levine